King's Is Expected to Acquire Barkers

(Continued from page 1)

one to King's. Greenberg estimated that 60%-70% of the chain's past growth has come from acquisition. The most recent takeover was Mammoth Mart. In 1977, King's paid $43 million for the 57-unit chain.

There is little direct market overlap between Barkers and King's. While the two chains currently operate in several of the same Eastern States, it is in only one city—New Milford, Conn.—that they square off against each other.

The acquisition of Franklin Stores, which would operate as a separate entity, would afford King's "a wonderful way to get into the specialty apparel business," according to Greenberg.

The consolidation of Barkers and King's, the executive pointed out, would demand a reduction of merchandising and financial staffs. In addition each Barkers store would be considered for layout changes. "The changes would not be made in one fell swoop," said Greenberg. "We will be looking carefully at each situation.

Greenberg's enthusiasm over the possible acquisition, however, was not shared by some industry analysts, who suggested the merger could lead to litigation over what one viewed as a conflict of interest on Cornwall's part.

"The chances of a lawsuit are very high," said Fred Kopf, at Dean Witter Reynolds. "Both Barkers and Franklin are [financially] mediocre chains. It's quite possible that shareholders will feel that King's is dissipating their money to buy a poorly performing discount chain. They are going to wonder if the move was made with their best interests in mind."

Greenberg disagreed with this evaluation, countering:

"If we weren't trying to do this thing fairly, it wouldn't have taken us so long to get to this point."

The toughest problem ahead for King's under the proposed consolidation plan could be what some observers cite as the chain's lack of management talent.

The departures of King's founders, Aaron O. Cohen and Murray Candib, after Cornwall bought out their interest, the resignation of William Kenney as chairman of the executive committee, as well as the abrupt departure of president Bernard Litwak this spring, have left the chain without the management team observers feel it would need to keep the operation on a steady course and to absorb the sudden expansion.

Litwak, who stepped in as president last summer, departed in March for FedMart, San Diego. Until his arrival, the top spot had been empty. The chain lost its only heir apparent, Paul Kwasnick, two years ago during another around of merger talks, at that time with W. R. Grace.

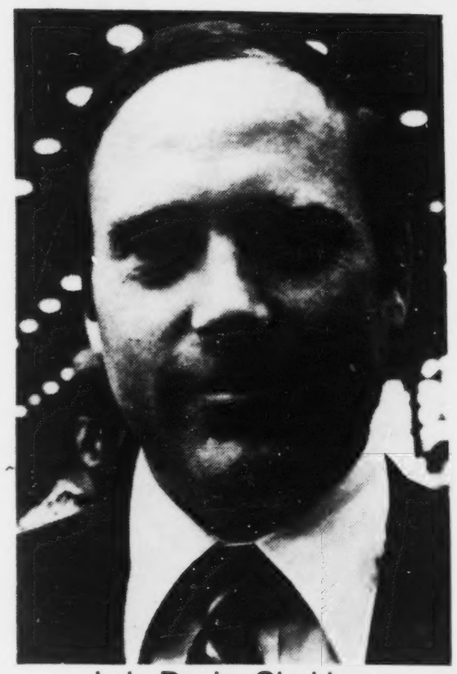
Observers now question whether Sol Kittay, Cornwall's chairman, and the latest president of King's will continue to head up the company or if he will turn the chain over to a new president. (Kittay is well known as an entrepreneur who runs his own show. Observers wonder if he has the team-mindedness necessary to guide the chain through this transition.)

While King's stores may not be as visually impressive as some discount operations, observers give the chain credit for turning in an impressive financial performance in past years. While DSN projections indicate flat sales for the current fiscal year, the chain has had a steady growth pattern over the years.

King's sales reached $576 million in the most recently completed fiscal year, a gain of 6.6% over the previous year's volume. The chain is expected to ring up $595 million this year. Last year, Barkers' sales were estimated by DSN at nearly $300 million.

"King's was always an ugly duckling, but it is also a survivor," noted Dean Witter's Kopf. "While many chains were spending money on expansion and losing their shirts, King's management was always sticking their money in the bank, saving for a rainy day. It's always been run with a good deal of self-discipline, and always paid dividends. You've got to give them credit."

Hardware Buyers Are Chipper



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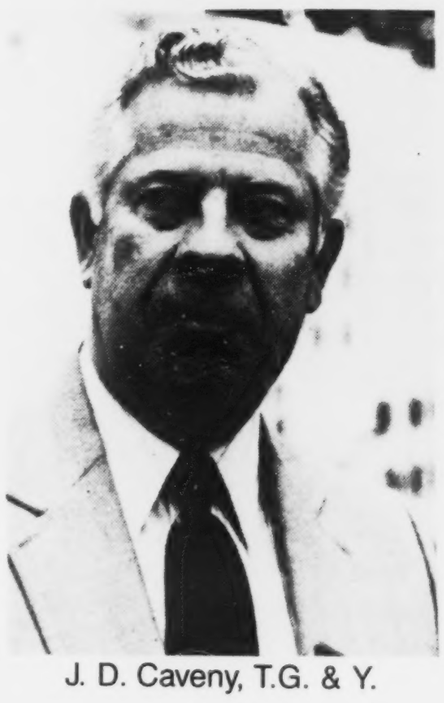

J. D. Caveny, T.G. & Y.

(Continued from page 3)

counter interest. Many chains with stores in the northern half of the country carried snowblower inventory into this year because it failed to snow much last winter.

Discounters were looking to manufacturers for new products this year—as well as for greater co-op advertising allowances, better shipping terms and show deals.

On show deals, some agreed with Fred Meyer's Tripp who noted that few manufacturers had enough excess production this year to allow for show deals.

Others, discounters, interested in increasing their co-op allowances, found manufacturers much more willing to listen to their requests than in years past. The reason: Manufacturers were feeling the double pinch of depressed consumer sales and trimmed discounters' inventories.

For spring, discounters were still looking at string trimmers. Despite the category's staple status, the product still gets plenty of discounter attention. This year buyers looked closest at the newer gas-powered models.

Gas grills and electronic bug killers continued to come on strong, and more manufacturers moved into the field. Lawn mowers also generated discounter interest, but buyers were still talking about the cost hikes that hit the category last year.

A search for new products and more do-it-yourself related items took more discounters to McCormick Place West this year. By opening the show annex a day earlier than McCormick Place, and putting the new-product exhibition there, show promoters were able to draw more traffic to the building materials exhibition.

Buyers from chains not heavily into home improvement were looking at products there and making decisions for 1981 mixes. For example, merchandisers from Ann & Hope were among those looking at home improvement products, but they would not reveal their plans.

Other chain representatives were out looking for new products, and several new wrenches and an automatic nail feed hammer were getting a lot of attention.

"A new hand tool could turn out to be just right for Christmas. Even if it seems a little too gimmicky for a handyman, we know his family will probably buy it for him for Christmas," reported a buyer for The Treasury.

Many Discounters Shave Operations Costs

FIRST-HALF EARNINGS

	1979	1980	% change
Wal-Mart	$15,568,000	$20,610,000	+ 32.4%
Heck's	4,641,000	5,638,000	+ 22
Ames	2,604,000	2,880,000	+ 11
Zayre	1,805,000	(469,000)	—
K mart	135,300,000	98,900,000	– 26
Woolworth/ Woolco	29,761,000	26,787,000	– 10
Pamida	298,000[1]	267,000	– 12
Mars	8,324	92,208	+1,107.8
May Dept. Stores	29,467,000	27,676,000	– 6.1
Penney	51 million	19 million	– 62
Sears	343.6 million	191 million	– 44.2
Ward	5 million	(82 million)	—

[1]After $1.4 million loss from discontinued operations and $2.2 million estimated loss on disposal of an operation.
( ) Loss.

(Continued from page 1)

last year's $15.6 million. A chain spokesman attributed the results to first-half sales gains of nearly 30% and to the chain's "diligent work" in tightening expenses and maintaining low price velocity. The chain's promotional activity was kept to a level comparable with last year's—a factor, the spokesman said, that helped the chain maintain margins.

FedMart, a chain, which reported a $1.6 million loss in the year to date (down from the $13.8 million reported loss in the last fiscal year), is reaping some benefits from cost-cutting policies put into effect during the current fiscal year.

The chain created the position of energy conservation manager whose responsibilities include developing ways to cut costs and to monitor energy usage at store level. Further help came from a computerized energy conservation system installed in several test stores this year.

At presstime, ALCO's earning figures were not yet in, but officials believed that profits would be down slightly. Sales to date are off by 5% on a store-for-store basis, they reported.

In April, the chain started a profit protection plan, which led to cutbacks in administrative and travel expenses, and watching of fixed costs, such as insurance and rents.

Officials are also using computers to monitor profits and sales on a per-store basis and have already cut hours where slow sales performance so indicated.

T.G. & Y. adjusted its game plan this summer in response to tough competitive circumstances.

To draw traffic, the chain upped its advertising costs two-tenths of a per cent over this year's budget allotment and ran two extra newspaper ads in June, July and August, according to Dan Kelly, the chain's senior vp, store operations.

Kelly estimated that each ad cost the chain $350,000 in extra advertising expenditures.

The chain is moving ahead with cost-cutting policies in energy, maintenance, warehouse and store-level man-hour productivity, and hours scheduling, Kelly added.

Target Stores was another discount chain that chose to go after traffic, at the expense of margins, according to a parent Dayton Hudson spokesman, who reported slight profit declines in the first half of Target's fiscal year.

K mart too posted a substantial earnings decrease for the first half of 1980. Officials linked this performance to the continued weakness in consumer demand, increased promotional activity, and inflationary pressures on expenses. For the second quarter, income fell 26.9% to $98.9 million from last year's comparable-period earnings of $135.3 million.

K mart to Test Full Race-Track Aisle

(Continued from page 1)

stores will be comparable to that unveiled in the New Jersey store in May.

"We have moved quickly in soft lines," Fauber said, adding that the race-track apparel presentation would not depart significantly from the department first tested in the Lodi store.

Four other K mart stores—three in Fayetteville, Ark., and one in Atlanta—are also being fitted with the new apparel race track. Only in Atlanta, will the presentation vary significantly from the Lodi prototype.

(As Lodi was being remodeled, chain sources told DSN that the Wayne, N.J., store was next in line for the race-track presentation. The decision has now been made to bypass that unit in favor of more comprehensive testing in three other markets.)

Fayetteville, home of the University of Arkansas, was selected because it allows the chain to do a multiunit test in a market with a young population, which is also a stronghold of a major competitor, Wal-Mart. Also, because one of the Fayetteville units is new it gives the chain a chance to measure sales with the new presentation in a new store.

Atlanta was chosen to give the chain a test market with a more affluent consumer base.

By moving upscale in Indianapolis and Atlanta, K mart will also have the opportunity to see how its new merchandising efforts measure up against those of more established upscalers, Ayr-Way (expected soon to be Target; see DSN Aug. 11) and Richway.

K mart sources asserted that the discounter still considers the new apparel presentation a test. Merchandisers are pleased with the results so far, but top executives want an in-depth look before they commit the chain to the massive investment required to convert all of the stores.

Anticipate Fuel Curbs

(Continued from page 8)

shortage comparable to last summer's supply crunch could prompt at least temporary restrictions on weekend gas sales, odd-even-day purchase requirements and other regulations certain to affect consumer shopping patterns.

There's little if anything that chains can do to prevent a sharp drop in traffic during the next major fuel shortage, but there are some precautions that mass merchandisers can take now to protect their supply lines in the event that Government conservation mandates are triggered:

1—Convert to diesel-powered vehicles. Unlike gasoline, diesel fuel will not be affected by the Federal coupon rationing plan, so chains and suppliers with a hefty proportion of diesel vehicles in their company fleets figure to be way ahead of the game.

2—Develop statistics on company-wide gasoline consumption. If rationing is ordered, chains will be entitled to special business supplements—but only after D.O.E. reviews each firm's historic gas purchase patterns on a case-by-case basis. Companies supplying this documentation at the last minute may have to wait months for their supplements, but chains furnishing information to D.O.E. in advance will get their extra allotments promptly.

3—Work up standby emergency plans of your own. A number of large retail chains have already developed in-house "doomsday" contingency plans, including emergency van pooling systems to insure that each unit will be manned by a minimum number of employers at all times.

HOUSEWARES

These housewares PMA figures are for the June 1-July 30 period. They were supplied by Bacar Inc., Distributors, San Jose, Calif., and cover 1,300 stores, including 200 discount department stores. Average retail prices listed by the distributor reflect typical price points for discount clients.

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
TABLETOP					
1	1	Expressions 20-pc set, Wldflwr	709	63.09	44,730.81
2	5	Corelle 20-pc set, Woodland	651	38.28	24,920.28
3	6	Corelle 20-pc set, white	677	36.36	24,615.72
4	8	Corelle 20-pc set, blue	636	38.28	24,346.08
5	7	Expressions 20-pc set, Meadow	361	63.09	22,775.49
6	2	Expressions 20-pc set, Indn Smmr	359	63.09	22,649.31
7	3	Corelle 20-pc set, gold	587	38.28	22,470.36
8	4	Corelle 20-pc set, green	567	38.28	21,704.76
9	10	Expressions 20-pc set, Batik	210	63.09	13,248.90
10	14	Expressions 20-pc set, Bl Hthr	96	63.09	6,056.64
11	—	Corelle large plate, white	660	8.23	5,431.80
12	13	Royal China 20-pc set, Frolic	122	36.45	4,446.90
13	—	Pyrex 1-qt wine decanter	536	7.20	3,859.20
14	—	Corelle medium bowl, white	465	7.29	3,389.85
15	—	Corelle 10-oz bowl, white	519	6.51	3,378.69
GLASSWARE					
1	4	Wheaton 1-gal sun tea jar w/lid	3,367	4.14	13,939.38
2	1	Libbey 6½-oz tll wn, Cttn	1,446	5.94	8,589.24
3	—	Libbey 24-pc set, Tawny Tropical	281	24.30	6,828.30
4	5	Libbey, 10-oz goblet, Citation	1,092	5.94	6,486.48
5	2	Libbey 6½-oz rd wn, Cttn	813	5.94	4,829.22
6	15	Libbey, 24-pc Chivalry	189	23.40	4,422.60
7	—	Libbey 12-oz bev, Chivalry, 4-pk	948	4.32	4,095.36
8	3	Libbey, 11-oz wht wn, Cttn	668	5.94	3,967.92
9	—	Libbey 10-oz rocks, Chivalry, 4-pk	917	4.05	3,713.85
10	—	Anchor Hocking 1-gal jr w/tn mtl cvr	1,054	3.42	3,604.68
11	13	Libbey, 6½-oz shrbt, Cttn	599	5.94	3,558.06
12	—	Libbey 8-pc Vin Connoisseur set	282	11.88	3,350.16
13	—	Libbey 12-oz bev, Jasmine, 4-pc	654	5.04	3,296.16
14	—	Libbey 12-oz bev, Breadworks, 4-pc	779	4.23	3,295.17
15	—	Libbey 12-oz bev, Cluster Cut	714	4.59	3,277.26

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
COOKWARE					
1	6	Columbian, 7-qt canner jar, blue	2,946	17.77	52,350.42
2	2	Wear-Ever 10" fry pn, Prfrrd SilverStone	3,795	9.89	37,532.55
3	13	Revere, 3½-qt tea kttl, cp-brm	693	21.60	14,968.80
4	5	Revere 2⅓-qt whst tea ktl, cop btm	1,078	13.49	14,542.22
5	4	Nordic Micro-Go-Round	284	44.99	12,777.16
6	—	T-Fal 10" Skillet	691	15.28	10,558.48
7	—	Nordic micro bacon/meat rack	1,416	7.19	10,181.04
8	11	Anchor-Hocking micro bacon rack	1,590	6.02	9,571.80
9	1	Regal 10" skillet, SilverStone	917	9.89	9,069.13
10	—	Nordic 12-pc formed bundt pan set	1,254	6.74	8,451.96
11	—	Gen Housewares 8-qt 5-pc Evrythng Pt	455	17.99	8,185.45
12	—	Revere 2⅓-qt tea ktl, cppr	512	15.29	7,828.48
13	—	Jeannette 2-qt round glass casserole	828	9.00	7,452.00
GADGETS					
1	1	Lux timer, minute minder	1,314	6.28	8,251.92
2	10	Foley jar lifter	2,466	2.87	7,077.42
3	—	Swing-A-Way hand cn opnr, hrvst	1,524	3.58	5,455.92
4	6	Swing-A-Way hand cn pnr, choco	1,399	3.58	5,008.42
5	—	Grayline jumbo shelf	1,311	3.77	4,942.47
6	—	Swing-A-Way jr hnd cn pnr	2,379	1.79	4,258.41
7	11	Bromwell large grtr, strlss	1,344	3.15	4,233.60
8	—	Grayline 2-tier ice tray rack	1,842	2.24	4,126.08
9	5	Range-kleen 6" reflect pn, GE	2,976	1.35	4,017.60
10	—	Tricolator 3½" Norelco fltr ppr	2,736	1.43	3,912.48
PLASTICS					
1	—	Loma 32-gal trash can, Avocado	4,254	12.59	53,557.86
2	2	Flambeau ice pop maker	12,672	1.78	22,556.16

(Continued on page 16)

Get 5 cases free when you buy 45 cases of Quaker State DeLuxe Motor Oil.

During Quaker State's DeLuxe deal, you not only get five free cases, you earn Quaker State's 125% ad allowance by advertising Quaker State DeLuxe Motor Oil exclusively. In addition, there's no limit on the number of cases you can buy and still get Quaker State's DeLuxe deal.

By the way, Quaker State is holding the price of its DeLuxe Motor Oil firm during this promotion. That means your mark-up remains high. Now that's what we call a DeLuxe deal.

And you can get it between now and October 15, 1980.

Quaker State helps build profits.

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Micro Extras, Seasonals Spice Basics Recipe

By Jerry Falk
Executive Vice President, Bacar Inc., Distributors

Microwave cooking accessories and such seasonal items as corn skewers and jar lifters were among the leading West Coast housewares sellers in the Product Movement Audit covering June 1 through July 30.

The heart of the PMA, however, was captured by everyday items such as can openers and freezer storage containers—which discounters and other retailers knew from past experience drew customers on a steady basis.

The economy, in fact, has resulted in discounters going with a merchandising plan for the rest of 1980 that calls for promoting housewares heavily—and from within basics. This programming was evident from discussions with retailers and vendors during the housewares show in Chicago and from actual orders placed by discounters during the past two months.

Among the dozen housewares that showed up for the first time on the PMA were a Sterilite corn skewer, No. 8 in

(Continued on page 16)

Newcomers, Climbers

The following "New Items" chart lists the products (and their rank) that are appearing on the Bacar Inc. distributors housewares PMA for the first time. In addition, under the heading "High Risers" are items (and their rank) that have moved up five or more places from the previously published report.

NEW ITEMS

Category/Item	Rank
TABLETOP	
Pyrex 1-qt wine decanter	13
GLASSWARE	
Libbey 24-pc set, Tawney Tropical	3
Anch Hocking 1-gl jr w/tn cvr	10
Libbey 12-oz bev, Jasmine, 4-pc	13
Libbey 12-oz bev, Brdwrks, 4-pc	14
COOKWARE	
Gen Hswr 8-qt 5-pc Evythng Pt	11
GADGETS	
Graline 2-tier ice tray rack	8
Wall 15" skewer, 4-pk	12
Ekco garlic press	14
PLASTICS	
Sterilite corn skewer	8
CLEANING & CHEMICALS	
Roll-O-Matic refiill sponge	11
CORNINGWARE	
Ceramic rack	8
2½-qt Ovl cssrl, French Wht	15
HIGH RISERS	
TABLETOP	
Corelle large plate, white	11
Corelle medium bowl, white	14
Corelle 10-oz bowl, white	15

(Continued on page 16)

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Micro Extras

(Continued from page 6)

plastics; a Wall 15-in. skewer, No. 12, and an Ekco garlic press, No. 14 in gadgets, and General Housewares' 8-qt., 5-pc. Everything Pot, No. 11 in cookware. They are items heavily used during the canning season and for outdoor barbecue cooking, both of which reach their peak during the four months ending in September.

Corning Ware's French White pattern, which has become a big seller, made the new-product listing: a 2½-qt. oval casserole showed up as No. 15 on the Corning listing.

The big boom in microwave cooking accessories was evident in both the cookware and Corning charts.

In the former, four items geared for microwave use showed up, three of them specifically listed as microwave accessories, and two were high risers. The high risers were a Nordic micro bacon meat rack, No. 7, and a Jeannette 2-qt. glass casserole, No. 13. The other two items were a Nordic Micro-Go-Round, No. 5, and an Anchor Hocking micro bacon rack, No. 7.

The six items on the Corning report that were specifically designated as microwave cookware included one new item, a ceramic rack, No. 8, and one high riser, a 10-in. microwave browning skillet, No. 2. The other items were a microwave browning grill, which captured the top selling spot; Grab-"4"-It set, No. 6; microwave set, No. 9, and a Casser-ette, No. 10.

The growth of microwave cookware accessories on the PMA has been powered by Corning Glass for products made of glass and glass/ceramic, and by Anchor Hocking for plastic merchandise. Other

(Continued on page 17)

Newcomers

(Continued from page 6)

GLASSWARE

Libbey 24-pc set, Chivalry 6
Libbey 12-oz bev, Chivalry, 4-pk 7
Libbey 10-oz. rocks, Chivalry 4 pk. .. 9
Libbey 8-pc Vin Connoisseur set .. 12
Libbey 12-oz bev, Cluster Cut 15

COOKWARE

Revere 3½-qt tea kttle, cop-btm 3
T-Fal 10-in skillet 6
Nordic micro bacon/meat rack 7
Nordic 12-pc formed bundt pan set 10
Revere 2⅓-at tea kttle, cooper 12
Jeannette 2-qt rnd gls cssrl 13
Revere 8-qt stock pot, cop-clad 14
Wear-Ever 12 in fry pn, Prf, SlvStn . 15

GADGETS

Foley jar lifter 2
Swing-A-Way hand can opnr, hrvst . 3
Grayline jumbo shelf 5
Swing-A-Way jr hand can opener ... 6
Trcltr 3½-in Norelco fltr ppr 10
Taylor meat thermometer 11
OK 12 x 13-in over-sink board 15

PLASTICS

Loma 32-gal trash can, avocado 1
Eagle Superseal 5-qt bowl w/lid 6
Eagle Superseal cake saver 7
Eagle Superseal bread saver 9
Eagle Superseal frt & vgtbl svr 10
Republic 1-qt Freezette ref btle 11
Eagle 2-qt juice decanter, clear 14
Republic 12-oz uprite Freezette ... 15

CLEANING & CHEMICALS

Empire 18-in push broom, Palmyra .. 6
3-M Scotch Brite scouring paid 7

(Continued on page 17)

HOUSEWARES

(Continued from page 6)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
3	5	Republic 1-qt uprite Freezette set	2,796	2.69	7,521.24
4	6	Republic 1-pt uprite Freezette set	2,604	2.69	7,004.76
5	3	Frigidaire ice cube tray	3,311	1.79	5,926.69
6	—	Eagle Superseal 5-qt bowl w/lid	1,504	3.59	5,399.36
7	—	Eagle Superseal cake saver	1,092	4.94	5,394.48
8	—	Sterlite corn skewers	6,972	0.71	4,950.12
9	—	Eagle Superseal bread saver	1,098	3.95	4,337.10
10	—	Eagle Superseal fruit & vegetable saver	1,020	4.13	4,212.60
11	—	Republic 1-qt Freezette rfrgrtr bttl	4,272	0.98	4,186.56
12	12	Republic 1-gal Freezette rfrgrtr bttl	1,560	2.51	3,915.60
13	8	Republic 1½-pt uprt Frztt st	1,392	2.69	3,744.48
14	—	Eagle 2-qt juice decanter, clear	2,232	1.52	3,392.64
15	—	Republic 12-oz uprite Freezette	1,200	2.69	3,228.00

CLEANING & CHEMICALS

1	4	Roll-O-Mat sponge mop	2,664	9.45	25,174.80
2	1	National corn broom, economy	4,559	3.50	15,956.50
3	5	O-Cedar angler broom	2,561	5.59	14,315.99
4	10	O-Cedar Light & Easy sponge mop	2,040	5.59	11,403.60
5	2	Mop-A-Matic sponge mop	1,054	10.26	10,814.04
6	—	Empire 18" push broom, Palmyra	1,326	7.19	9,533.94
7	—	3-M Scotch Brite scouring pad	13,488	0.58	7,823.04
8	6	Magla latex gloves, medium	5,856	1.16	6,792.96
9	—	3-M Kitchen Scrub sponge	10,104	0.62	6,264.48
10	—	Protecto moth ball, 10-oz box	4,512	1.34	6,046.08
11	—	Roll-O-Matic refill sponge	1,920	3.13	6,009.60
12	11	Quickie automatic sponge mop	948	6.29	5,962.92
13	13	McClung corn broom, sunflower	600	7.46	4,476.00
14	—	Hoover vacuum bags, upright	4,892	0.90	4,402.80
15	9	Magla latex gloves, large	3,732	1.16	4,329.12

BATH SHOP

1	1	Grayline large shower caddy	5,634	4.85	27,324.90
2	5	Grayline shower caddy	1,992	2.96	5,896.32
3	7	Selfix shampoo spray	2,262	1.88	4,252.56
4	—	Counselor bath scale, white	232	8.99	2,085.68
5	—	Counselor bath scale, brown	228	8.99	2,049.72
6	4	Borg scale, Futura, white	126	13.94	1,756.44
7	6	Kellog bowl brush, plastic	1,968	0.89	1,751.52
8	2	Borg scale, Futura, brown	125	13.94	1,742.50
9	12	Selfix port wall/hand shower	202	8.54	1,725.08
10	—	3-M toilet bowl brush	648	2.60	1,684.80
11	8	Empire bowl brush w/wood handle	1,908	0.88	1,679.04
12	3	Borg scale, Future, gold	111	13.94	1,547.34
13	—	Counselor bath scale, yellow	169	8.99	1,519.31
14	13	Borge scale, Williamsburg Gold	71	20.99	1,490.29
15	—	Borg scale, Feminique, brown	51	22.49	1,146.99

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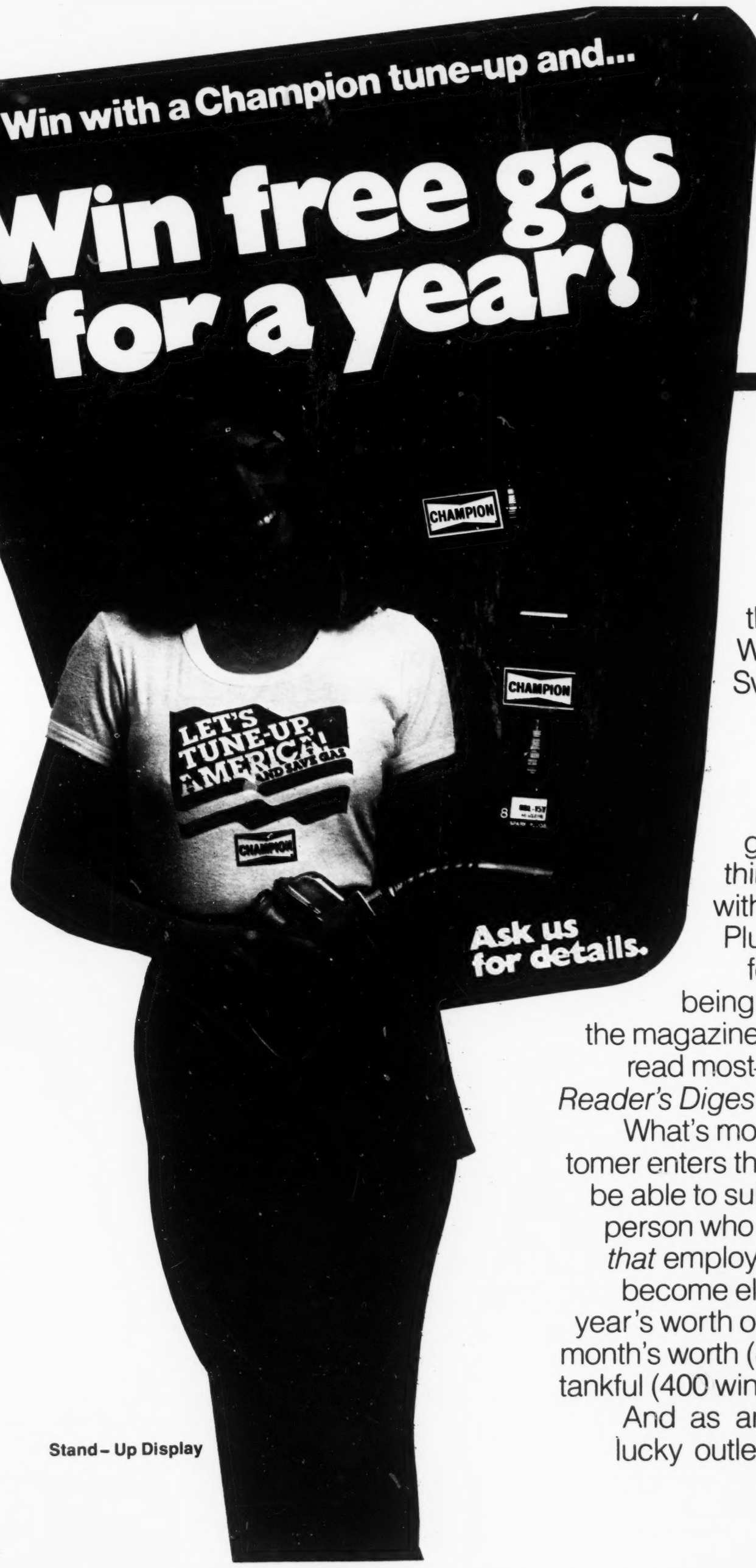


Stand – Up Display

A sales 500 from

Here's a special opportunity to get your employees fired up for fall. With a gas giveaway—and even more. In the big new "Win Two Ways with Champion" Sweepstakes.

First of all, we're offering your spark plug customers a chance to win free gas for a year. Something they'll appreciate with today's gas prices. Plus: this sweepstakes for your customers is being heavily promoted in the magazines spark plug buyers read most—like *TV Guide* and *Reader's Digest*.

What's more, every time a customer enters the sweepstakes, he'll be able to submit the name of the person who waited on him. Then *that* employee will automatically become eligible to win a whole year's worth of gas (20 winners), a month's worth (80 winners) or a free tankful (400 winners).

And as an extra bonus, one lucky outlet will be selected at

HOUSEWARES

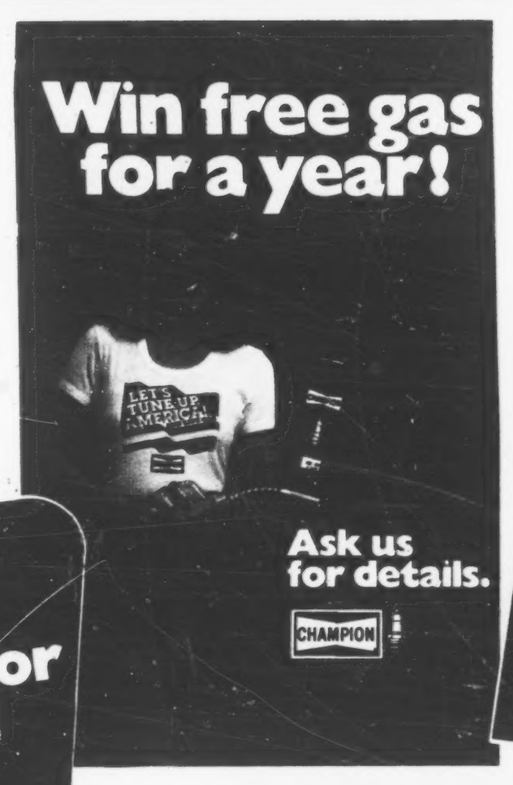
(Continued from page 16)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
RUBBERMAID					
1	—	Small laundry basket, gold	27,262	0.80	21,809.60
2	—	32-gal Trash can, chocolate	599	22.45	13,447.55
3	—	32-gal Trash can, avocado	512	22.45	11,494.40
4	10	Single turntable, almond	4,566	2.06	9,405.96
5	13	10¾" hi Rectangle lndry bskt, choc	1,584	4.94	7,824.96
6	—	Roughneck 30-gal trsh cn, avcdo	348	22.45	7,812.68
7	—	15" hi Wastebasket, chocolate	1,817	4.04	7,340.68
8	—	Single turntable, gold	3,540	2.06	7,292.40
9	—	10¾" hi Rectangle lndry bskt, gld	1,344	4.94	6,639.36
10	15	Twin turntable, almond	1,730	3.58	6,193.40
11	—	Delux dish drainer, chocolate	1,102	5.35	5,895.70
12	3	12" Slide-out drawer, almond	727	8.05	5,852.35
13	—	Roughneck 30-gal trash can, choc	258	22.45	5,792.10
14	5	16" Slide-out drawer, almond	612	8.95	5,477.40
15	—	Delux dish drainer, almond	1,002	5.35	5,360.70
CORNINGWARE					
1	1	Microwave browning grill	1,031	22.60	23,300.60
2	15	10" Microwave browning skillet	710	20.37	14,462.00
3	—	Counter-Saver, large, Spice	563	22.14	12,464.82
4	—	Counter-Saver, large, white	558	20.21	11,277.18
5	—	Cook's Choice set, Spice	188	56.39	10,601.32
6	10	Grab-"4"-It set	491	18.21	8,941.11
7	5	Kitchen Starter set, Wildflower	211	39.87	8,412.57
8	—	Ceramic rack	965	8.02	7,739.30
9	3	Microwave set	192	39.89	7,655.04
10	11	Casser-ette	1,139	6.52	7,426.28
11	—	6-cup Teapot, Wildflower	443	15.60	6,910.80
12	—	Counter-Saver, large, Wildflower	311	22.14	6,885.54
13	—	Cook's Choice set, Wildflower	119	56.39	6,710.41
14	14	2½-qt Casserole, Spice	355	17.74	6,297.70
15	—	2½-qt Oval casserole, French White	376	16.42	6,173.92
PYREXWARE					
1	1	3-qt Oblong bake dish	5,145	4.55	23,409.75
2	2	2-qt Oblong bake dish	2,334	4.09	9,546.06
3	3	8-oz liquid measure	4,919	1.80	8,854.20
4	5	3-qt Utility dish w/basket	612	12.94	7,919.28
5	4	8" Square cake dish	2,051	3.47	7,116.97
6	7	2-liter Juice jar	2,915	2.35	6,850.25
7	8	6-oz Custard cup, 4 pack	2,302	2.73	6,284.46
8	—	4-pc Mixing bowl set, Woodland	468	13.09	6,126.12
9	6	1-pt Liquid measure	2,682	2.28	6,114.96
10	—	1-qt Liquid measure	1,818	3.19	5,799.42

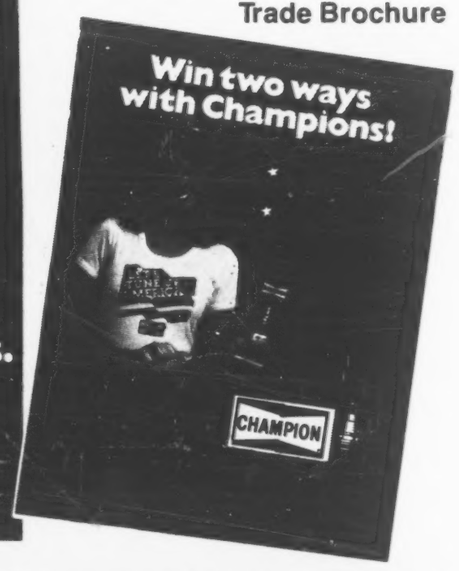
booster for you, plus big prizes for employees— Champion.

random from the entries submitted, and will win free Champion spark plugs for a month.

Your Champion rep has all the details—along with some exciting free tie-in display materials plus all the entry blanks you'll need.

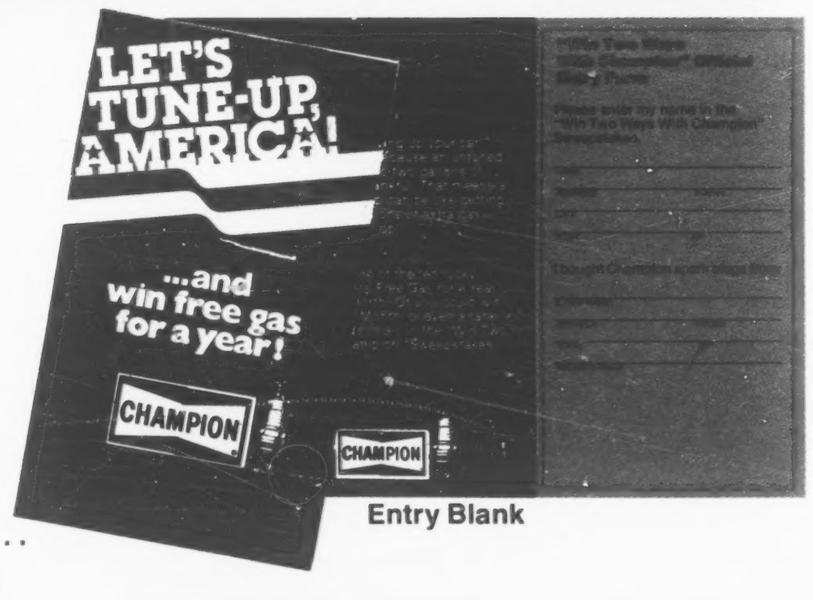


Poster



Trade Brochure

Counter Card



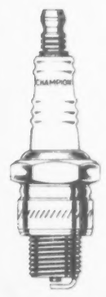
Entry Blank

Everybody wins with this one. You win because the consumer contest will be bringing in business... and your employees will be working extra hard to sell, because they can win free gasoline for themselves.

And even your outlet can win—a full month's worth of free Champion spark plugs.

See your local Champion rep for full sweepstakes details.

CHAMPION®



You can't sell a better plug.

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Micro Extras

(Continued from page 16)

manufacturers such as Nordic have captured sales for specific specialty items.

An overall look at the PMA shows the importance of basics. In category after category, the best-selling items, for the most part, are those that are being featured by a cross-section of our customers as both promotions and as regularly priced items spotted on endcaps, in newspaper ads and on gondolas in high traffic locations.

In the bath shop area, for example, the three top items are two Grayline shower caddies followed by a Selfix shampoo spray.

In plastics, a highly promotable category, a Loma 32-gal. trash can was No. 1—32-gal. waste containers are a high demand item—and price promotions helped to propel Loma into the top spot. The balance of the listing was dominated by Republic Freezette and Eagle Superseal containers, both of which are always highly promoted at this time of year.

The demand for large-size waste containers carried over into the Rubbermaid area, where four large trash cans made the report. The goods included two Roughneck items, denoting consumer acceptance of this higher-priced merchandise which Rubbermaid has identified with a specific name.

The No. 1 product in glassware is Wheaton's 1-gal. sun tea jar. Items connected with the making of sun tea have become increasingly popular over the past six months.

As in previous reports, the tabletop listing was dominated by Corelle and Expressions, both of which are very heavily promoted. In fact, both are used as doorbusters but at very low profit margins for discounters. They are also strong catalog showroom items for use in newspaper ads and flyers.

Newcomers

(Continued from page 16)

3-M Kitchen Scrub sponge 9
Protecto moth balls, 10-oz box 10
Hoover vacuum bags, upright 14

BATH SHOP
Counselor bath scale, white 4
Counselor bath scale, brown 5
3-M toilet bowl brush 10
Counselor bath scale, yellow 13
Borg scale, Feminique, brown 15

RUBBERMAID
Small laundry basket, gold 1
32-gal Trash can, choc 2
32-gal Trash can, avoc 3
Single turntable, almond 4
10 ¾-in hi Rect laundry bskt, choc .. 5
Roughneck 30-gl trsh cn, avoc 6
15-in hi Wastebasket, choc 7
Single turntable, gold 9
Twin turntable, almond 10
Delux dish drainer, choc 11
Roughneck 30-gl trsh cn, choc 13
Delux dish drainer, almond 15

CORNINGWARE
10-in Microwave browning skillet 2
Counter Saver, large, Spice 3
Counter Saver, large, white 4
Cook's Choice set, Spice 5
6-cup Teapot, Wildflower 11
Counter Saver, large, Wildflower ... 12
Cook's Choice set, Wildflower 13

PYREX
4-pc Mixing bowl set, Woodland 8
1-qt Liquid measure 10
4-pc Bowl set, gold 11
2-qt Casserole w/basket 12
3-pc Mixing bowl set 15

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1980/81 Census: Index P. 2

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Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Discounters to Add 470 Stores, Hit $60.5B in '80

Nationwide DSN Report

Despite reports issued earlier in the year that some chains were curtailing their expansion plans in the face of a weakened economy and soaring construction and interest costs, most discounters forged ahead and are opening 470 new stores in 1980—25% more than they did last year—for a net gain of 32.8 million sq. ft. of selling space.

At the same time, with consumers under pressure to cut back on their spending, general merchandise sales volume is rising 11% industrywide to a record $55 billion—$60.5 billion including food. This, according to the 19th annual *Discount Store News* census.

Along with their decision not to step back from their original expansion plans, discounters kept their resolve to build smaller stores, and to continue positioning themselves in the country's smaller, more rural markets.

The average store size of units built during the year is 70,600 sq. ft., trimmer than the average (70,646 sq. ft.) store built in 1979, and 1,470 sq. ft. smaller than the average store built five years ago.

At the same time that this scaling down has helped discounters keep a lid on start-up and operating costs, it has also forced them to become more efficient operators. That this effort continues to pay off is evident in increased sales per square foot productivity, which are projected to rise 8% this year to $110.79 (including food).

Average sales per store are rising from $7.6 million to $7.8 million this year.

Further bolstering the bottom line are sales from specialty and formerly leased departments.

In 1980, discounters continued to boost store sales by adding more service departments to their mix and by taking over operation of still more of the departments previously run by lessees.

TBA centers, pharmacies, dental clinics and optometry services head the list of profitable consumer services discounters are continuing to install in their stores.

Only in shoes do lessees continue to retail significant control—43%—of discounter business. But even here, their representation is diminishing, as discounters under pressure to improve sales productivity continue to find that their own organizations can successfully and profitably handle the category.

In 1980, the Sunbelt continued to lure discounters. This year for the first time, the (10) Southeastern States will have the greatest number of discount stores within their boundaries—1,595 units by year's end—an 11% increase in unit growth over last year. This overturns the regional lead historically held by the East Central States.

Conversely, major metro market new-store gains are dropping 35% from last year, with only 110 new stores (vs. 168 last year) slated to open in the most densely populated sections of the country in 1980.

Texas, Alabama and Georgia are the states most often chosen by discounters as sites for new store growth. But here, too, only 15 of 83 stores to be opened in the three states were scheduled for metro markets—and of these, nine were targeted for the rapidly growing Dallas-Fort Worth area.

Unit growth throughout the

(Continued on page 132)

Heck's Buys 5 Mr. Wiggs to Solidify Ky. Base

CHARLESTON, W. Va.—Heck's is looking to solidify its 16-unit market hold on Kentucky and to take advantage of advertising economies, with its acquisition earlier this month of five Mr. Wiggs units there, according to Ray O. Darnall, the chain's president.

Darnall added that the move does not mean the company has changed its mind about actively seeking a purchaser for its discount operation.

"If a good offer came along, we would certainly consider it, but we have never slowed down our expansion because of this decision," he said. "We aren't going to roll over and play dead at this stage in the game."

A year ago Heck's management began looking for a suitor to give Fred Haddad, chairman, an opportunity to cash in his extensive stockholdings in the profitable chain.

Ranging from 50,000 to 60,000 sq. ft. in size, the newly acquired stores include three major units in Lexington, the second largest city in the state, as well as in Hopkinsville in the southwestern sector of the state, and in Owensboro to the northwest. All five stores represent new city entries for Heck's.

"The new stores give the company access to important markets, including in-depth penetration of the key Lexington market," said Haddad.

The Mr. Wiggs stores, which will be closed for redecoration, will open again in October under the Heck's logo. The purchase stretches the chain's current store count to 85.

Since Heck's new prototype has been expanded this year from an average of 43,000 sq. ft. to one of 50,000 sq. ft., the Mr. Wiggs outlets will not demand dramatic changes in floor plans, Darnall said.

The proximity of the Mr. Wiggs units to existing Heck's stores put these markets into Heck's advertising scope, said Darnall. The Lexington stores, for instance, lie within 30 miles of Heck's units in Mount Sterling, Frankfort and Glasgow.

Heck's plans to run advertising to announce the acquisition of the new units in these markets, said Darnall.

The two chains also share a similar customer base. "We will be establishing ourselves in markets already known for their mass merchandise business," said Darnall. "The customers who once came to find certain goods at Mr. Wiggs will not find many differences when shopping in a Heck's."

Ray O. Darnall, president, Heck's

The new stores will be serviced by Heck's 500,000-sq.-ft. distribution facility in Nitro, W. Va. "We have the ability to keep these stores in stock yearround because of the strength

(Continued on page 132)

New Styles Move in on Blue Jeans

Spring 1981 may see fewer blue denim designer jeans on discounters' racks.

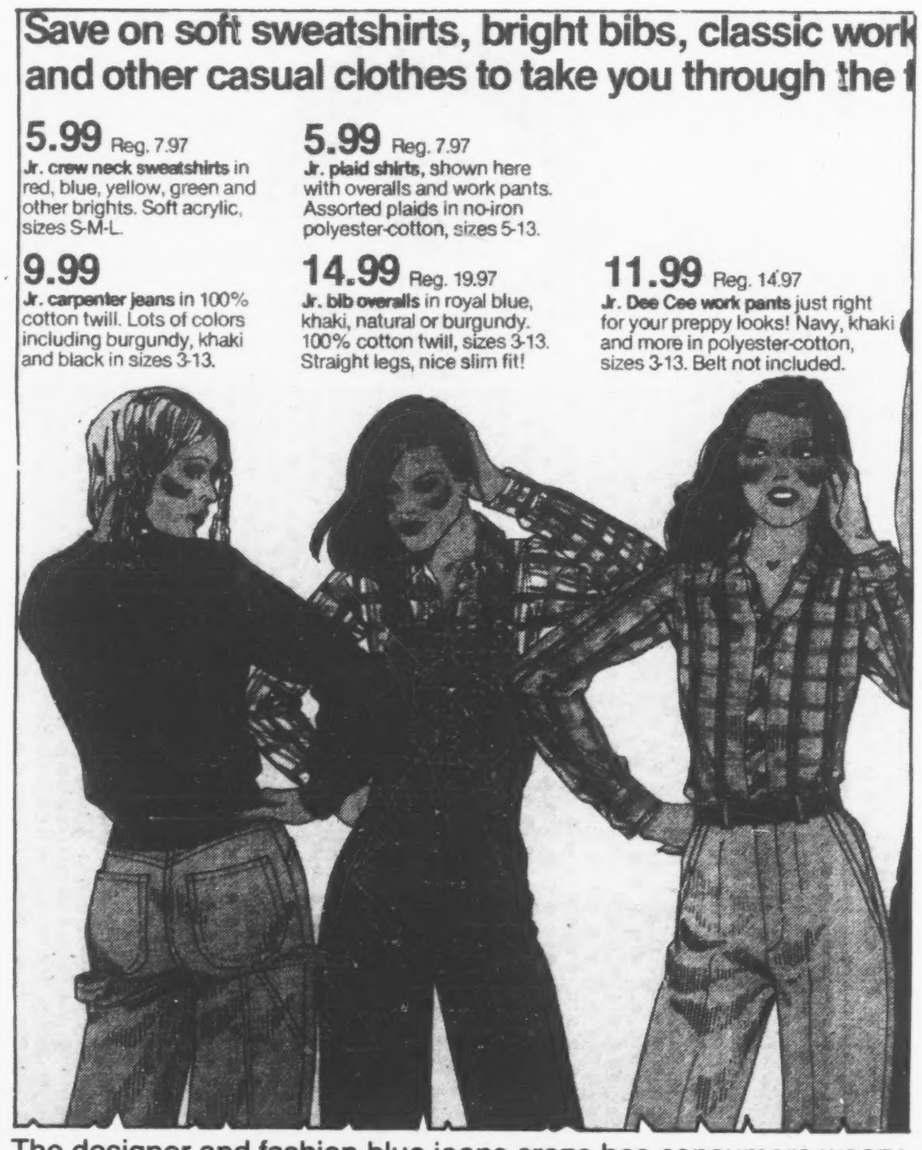
Discounters are bypassing a glut on the designer jeans circuit and making room for expansion into new color and fabrications in jeans styles.

Of course, some buyers are taking advantage of the now more easily available designer jeans, but all are cutting inventory on blue denim fashion jeans—echoing an upstairs trend where supply has exceeded demand—back-to-school (BTS) and holiday seasons.

Many have decided to hold further commitments until spring 1981, when buyers believe the trend will turn back around.

"Denims aren't getting the same turns as a year ago," Linn Ferguson, Gold Circle buyer for junior jeans, said. "We are making a greater shift away from blue denim than we anticipated and expect flat inventory for

(Continued on page 5)


Save on soft sweatshirts, bright bibs, classic work
and other casual clothes to take you through the
5.99 Reg. 7.97
Jr. crew neck sweatshirts in red, blue, yellow, green and other brights. Soft acrylic, sizes S-M-L.
5.99 Reg. 7.97
Jr. plaid shirts, shown here with overalls and work pants. Assorted plaids in no-iron polyester-cotton, sizes 5-13.
9.99
Jr. carpenter jeans in 100% cotton twill. Lots of colors including burgundy, khaki and black in sizes 3-13.
14.99 Reg. 19.97
Jr. bib overalls in royal blue, khaki, natural or burgundy. 100% cotton twill, sizes 3-13. Straight legs, nice slim fit!
11.99 Reg. 14.97
Jr. Dee Cee work pants just right for your preppy looks! Navy, khaki and more in polyester-cotton, sizes 3-13. Belt not included.

The designer and fashion blue jeans craze has consumers weary, and Target, among the first to commit to the classifications, is on top of the latest trend to new stylings and fabrications.

Rx Sections Mushroom From 35.3% To 40.8% of Nation's Discount Stores

The discount store industry appears on the verge of a prescription filling boom, as more chains than ever before discover the drawing power and profitability of pharmacies.

In the last year, the number of stores with pharmacies rose 5.5 percentage points to a total of 40.8% of the industry's units, according to DSN's 19th annual census.

K mart is one chain that has heavily moved into drug sales. Drug industry statistics list it among the country's largest drug store chains in terms of prescription and nonprescription drug sales.

Many discounters predicted that more and more chains will follow K mart's lead as the lure of one-stop shopping increases the profits they can make not only on prescriptions, but also on over-the-counter products such as cough syrup, laxatives and nonprescription drugs.

In addition, discounters said, there is a spillover effect that spurs sales increases in adjacent departments.

Most discounters questioned said they had not performed surveys to determine the overall effects of pharmacies on sales in nearby departments. A spokesman for Ohio-based Harts said, though, that H&BA products sell about 2.8% to 3.1% better in stores with pharmacies than in those without them.

Murphy's Mart leased pharmacy space in five of its Pittsburgh area stores in 1975. A year later the chain took over its lessee's operations and is now planning to open pharmacies in stores in more rural areas.

Arizona-based Smitty's has pharmacies in 15 of its 19 stores and plans to include them in each of three units scheduled to

(Continued on page 4)

Editorial

Discounters Are Leading the Field Despite a Muddy Economic Track

A turning point of major significance came for discounting in 1980.

The industry proved again its ability to withstand—and even prosper in—times of economic downturn, and discounting demonstrated its dynamic nature by the frequency with which chains initiated new strategies, new store prototypes and new merchandise presentations.

But this is old hat in discounting, just another year when of all major retail segments only discounting showed the vitality, flexibility and imagination necessary for continued growth.

The most significant development of 1980 was the acceptance by all of retailing that there is a new leader for the 1980's: a new front-runner to set the pace and determine the direction of the race. We're in a race, and we're in the lead.

In a footrace of sufficient length—a mile or more—a runner adjusts his pace to match that of the new leader, and plans to stay close enough to break the tape first with a last-minute burst of speed.

In retailing, however, there is no tape and no end to the race. A strategy of winning at the last minute with a burst of energy is doomed to failure. The retail segment that attains the lead can look forward to many years of leadership, assuming good execution.

That's where discounting has arrived—in front of the pack, setting the pace, determining the direction of the race. And the other runners are adjusting to our pace.

Sears, Roebuck and Montgomery Ward, for example, are no longer looking over their shoulders at discounting, nor are they pooh-poohing its merchandising and marketing strategies.

Instead, they are eating the dust of faster-growing, more innovative and more aggressive discount retailers who are leading the way in compound growth rates and market share gains.

Sears and Ward have taken steps to match the pace set by the new discount leaders. Their strategy is to keep up, and it's making them, step by step, more similar to our more successful form of retailing.

Sears lost its price war with K mart, and has been forced to retreat to a pricing policy that simply meets opening price points at discount stores. Sears is also contemplating the addition of major brands to its merchandise mix. Sears wants to stay close to the leader.

Ward has gone even further than Sears, with its rapid expansion of Jefferson Stores, and the adoption of many Jefferson marketing and merchandising techniques at a growing number of conventional Ward stores.

J. C. Penney, with its lackluster discount arm trailing the pack but secure in its soft line dominance among the big three, has put distance between itself and the dogfight at the head of the pack.

But in a few years will Penney's retreat be the right strategy?

Trade-up merchandising by discounters—including K mart's and Wal-Mart's experiments this year—will increase the distance between discounters and Penney, making the discounters' lead insurmountable.

Newer retail segments are also emulating discounting with self-service, lower operating costs, fewer frills, more efficient use of space, lower gross margins and discount pricing policies.

The hard line discount specialists in toys, sporting goods, automotive and other markets have been joined by off-price apparel chains that are letting general merchandise discounters set the pace and direction, while staying close enough behind to follow in the path of least resistance.

It's difficult to know whether the off-price apparel market is here to stay or whether it will be swallowed up by discounting's growing appeal to fashion- and value-conscious consumers. But while the opportunity lasts, the apparel specialty chains are simply following the leader.

The merchandising battles must be fought on one front at a time, while a holding action maintains gains already made on the other.

Discounting's hard line superiority must be maximized first, and solid defenses against anticipated competitive strategies (opening price point levels, brand name merchandise) put into place. Then the battle can be joined in earnest in the ladies', children's and domestics departments.

When that time comes—probably before the end of this decade—no other retail segment will be able to head the leader.

What reason is there to shop a conventional department store, when (as seems inevitable) identical apparel and domestics merchandise become available in discount department stores at lower prices?

What reason is there to shop Sears or Ward when discount stores offer broader selections and better values in hard lines, and soft line departments that match or exceed the selection, quality, and value found in those stores?

A new age of retailing has dawned and our industry is the acknowledged leader. It is a time that will bring new hazards, new problems and new concepts to the forefront of American retailing.

But it is also a time in which discounting will achieve its full potential, and it is a time of unprecedented opportunity for general merchandise discount chains of every description.

The lead has been seized and acknowledged. Now it remains to run the race well.

Making The Rounds

with Doug Stumon
Editor

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Due to space limitation, DSN was unable to run articles in this issue on all Top 100 (by volume) chains. Statistics for the chains omitted are included in the chart on p. 22.

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The editorial is on p.2; the Touche Ross/DSN Discounter Management Development Series is on p.7, and the Bob Curtis security column on p.128. Other regular departments and features have been omitted from this issue because of the special discount census. They will be resumed in the Oct. 6 issue.

To Our Subscribers

Due to rising publishing costs, we are increasing our subscription rates for Discount Store News, effective Oct. 1, 1980.

New rates: one year (24 issues)—$7.50; two years (48 issues)—$14. To manufacturers and manufacturers reps: one year—$20.

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Vol. 19, No. 19 Sept. 22, 1980

1980-81 DISCOUNT STORE CENSUS

PART 1: INDUSTRY DIRECTIONS

K mart's Fauber

Woolco's Nelson

Gemco/Memco's Harris

Meijer's Holton

They Found Room at the Top

Changes in the executive suite gave the industry more than a half dozen new chief officers this year. Veteran K mart executive Bernard M. Fauber was named ceo and chairman of the nation's largest discount chain; Peter Harris stepped up to become president of Gemco/Memco, Lucky Stores' discount division; George W. Nelson was made head of Woolworth/Woolco's United States division; Earl Holton, vice president, moved into the president's office at Meijer's Thrifty Acres, and Bernard Litwak, president of King's Dept. Stores, was tapped for the president's job at FedMart. Sol Kittay, chairman of Cornwall Equities Ltd. and principal King's stockholder, succeeded Litwak. At Two Guys, the president's title was set aside in favor of chief operating officer and Seymour Karch was named to the post.

Discounters Are on Way to $60.5 Billion Year

In 1980 discount stores' volume (including food) is projected by DSN to pass the $60 billion mark—an industry record—surpassing last year's volume by 10%. General merchandise sales will rise 11% to $55 billion.

Contributing to that record volume will be 470 new stores, all of which are slated to be open by year's end. These openings represent a net gain of 32,779,000 sq. ft.—a 6.4% rise over last year's square footage.

While store gains are impressive, the industry is not wholly escaping the pressures of the weakened economy.

Sales per square foot are projected to rise only 3.3% to $110.79 (including food), a slowdown compared to last year's 5.1% gain to $107.15.

General merchandise sales will grow from $96.43 a square foot to $99.29.

Likewise, sales per store will rise from $7.6 million last year to $7.8 million in 1980.

Store size continues on the downward trend begun in the mid-1970's when discounters began to push for smaller, more productive stores. The move traded off sales floor space for higher gondolas, and a more fashion orientation in broader margin apparel.

This year the average size of newly built discount stores is 70,600 sq. ft. And, 68 of the year's 470 new stores are slated to be between 70,000 and 80,000 sq. ft.

State of the Discount Store Industry

	Projected for Calendar Year Ending Dec. 31, 1980	As of Calendar year Ended Dec. 31, 1979
Square footage	546,091,000	513,312,000
Net Gain in Square Footage	32,779,000 (6.4%)	22,890,000 (4.6%)
Stores	7,736 (6.5%)	7,266
Net Gain in No. of Stores	470	375
Annual Sales Incl. Food (a)	$60.5 Billion (10%)	$55 Billion
General Merchandise Sales	$55 Billion	$49.5 Billion
Average Sales/Sq. Ft. Annually (b)	$110. 79	$107.15
Average Sales/Sq. Ft. Annually, General Merchandise	$99.29	$96.43
Average Sales/Store/Year	$7,821,590	$7,569,502
Average Store Size	70,600 sq. ft.	70,646 sq. ft.

(Source: DSN Research)

(a) Estimated sales for calendar year including stores projected to open during 1980. Figure in parentheses indicates percentage gain.

(b) Includes food sales

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